

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 2,458 million for January-February 2016, 13 percent higher than the deficit of US\$ 2,174 million registered during the same period of 2015. The US\$ 283 million deterioration in the trade deficit is rooted in significantly higher imports by US\$ 211 million coupled with a US\$ 72 million drop in exports during the period under consideration.

Total **imports** reached US\$ 2,872 million during the first two months of 2016, registering an increase of 8 percent in value and 24 percent in volume, when compared to the same period of 2015.

- This hike in imports was induced by a significantly higher bill of "**Mineral fuel and oil**" by 41 percent (US\$ 199 million), reflecting a 50 percent increase in terms of volume. In details, EDL fuel imports amounted to US\$ 354 million during January-February 2016 compared to nil during the similar period of 2015. However, this was partly counterbalanced by the decrease in Non-EDL fuel imports which contracted by 32 percent (US\$ 155 million) when compared to the same period of 2015¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a 23 percent (US\$ 27 million) year-on-year increase in terms of value, while in volume terms it contracted slightly by 4 percent².
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 1 percent (US\$ 14 million) during January-February 2016 compared to the same period of 2015. In fact, the main year-on-year decreases were witnessed in "**Iron and steel**", "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Pharmaceutical products**" with 23 percent (US\$ 25 million)³, 10 percent (US\$ 17 million)⁴ and 7 percent (US\$ 14 million)⁵ respectively, which were partly counterbalanced by an increase in imports of "**Vehicles and accessories, cranes & lorries**" by 20 percent (US\$ 40 million)⁶.
- As for the breakdown of imports by country of origin, China ranked as Lebanon's top import trading partner in January-February 2016 with a share of 11 percent of total imports, noting that almost 17 percent of imports from this country are "**Iron and steel**". Italy and Netherlands followed with respective shares of 8 percent and 7 percent⁷.

¹ This drop in value is translated in a deterioration of 3 percent in terms of volume. The discrepancy between these variations is attributed to lower international fuel prices with the Brent price dropping from an average of US\$ 52.93 per barrel in January-February 2015 to US\$ 31.44 per barrel in January-February 2016.

² Despite the drop in gold prices from an average of US\$ 1,239 per ounce during January-February 2015 to US\$ 1148 per ounce during the same period of 2016, we notice this divergence between value and volume trends due to the increase in the volume of high value subcategories' imports i.e. "Gold (including gold plated and platinum) unwrought" by 1100 Kgs coupled with a drop of 8511 Kgs in the imports of low value subcategories i.e. "imitation jewelry".

³ Mainly due to a decline in imports from Ukraine and China by 54 percent (US\$ 13 million) and 15 percent (US\$ 10 million) respectively.

⁴ This contraction is mainly attributed to lower imports from China and Italy by 11 percent (US\$ 5 million) and 21 percent (US\$ 5 million) respectively.

⁵ This drop is attributed to lower imports from the United States and Switzerland by 31 percent (US\$ 8 million) and 42 percent (US\$ 7 million) respectively, partly counterbalanced by the increase in the imports from Ireland by 117 percent (US\$ 8 million).

⁶ This increase can be explained by higher imports from the United States and Japan with respective increases of 39 percent (US\$ 11 million) and 28 percent (US\$ 10 million).

⁷ Imports from Netherlands registered a considerable year-on-year increase of 413 percent (US\$ 167 million) due to the hike in "Mineral Fuel and Oil" imports by US\$ 174 million, moving Netherlands from the twentieth position last year to the third among Lebanon's top import partners.

Exports amounted to US\$ 414 million during January-February 2016, reflecting a 15 percent decrease compared to January-February 2015. This drop in value is translated by a higher decline of 30 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" decreased by 15 percent (US\$ 12 million) in terms of value, while in terms of volume it dropped by 40 percent⁸.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", few categories registered year-on-year variations, mainly exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" which rose by US\$ 5 million (19 percent)⁹. On the other hand, exports of "**Electrical machinery and equipment**" and "**Furniture; bedding**" decreased by 12 percent (US\$ 4 million)¹⁰ and 21 percent (US\$ 3 million) respectively.
- **From a regional perspective**, exports to Arab countries witnessed a decrease of 21 percent (US\$ 56 million) during January-February 2016 compared to the same period of 2015. It is worth mentioning that this decrease is attributed to lower exports to Saudi Arabia, the United Arab Emirates and Iraq by respective amounts of US\$ 18 million¹¹, US\$ 13 million¹² and US\$ 11 million.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa was at the top of the list during the first two months of 2016 with a share of 11 percent, followed by some regional countries mainly Saudi Arabia and the United Arab Emirates with shares of 10 percent each.

⁸ This is mainly due to the export of a relatively large volume of "articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal" with 5,401 Kgs in Jan-Feb 2015 (50 percent of total exports of "Unwrought gold, un-mounted diamond & precious stones") having a value of US\$ 208 thousand (0.3 percent of total exports in this category). In comparison, these exports registered a volume of 1,766 Kgs in January-February 2016 with a value of US\$ 127 thousand.

⁹ This is mainly due to higher exports to Germany by US\$ 9 million.

¹⁰ Driven by lower exports to Saudi Arabia by 63 percent (US\$ 6 million).

¹¹ Mainly due to a y-o-y drop in exports of Electrical products by US\$ 6 million.

¹² Mainly due to a y-o-y decrease in exports of Unwrought & semi-manufactured gold, diamonds, precious stones & metals substitutes by US\$ 17 million.

Table 1: Trade activity by value

(US\$ millions)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	February	February	Feb 16/15	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb 16/15
Imports	1,320	1,377	4%	4,253	3,437	3,605	2,661	2,872	8%
<i>of which mineral fuel & oil</i>	274	316	15%	1,863	1,058	1,067	485	684	41%
-EDL registered fuel imports	0	157	NA	1,292	238	473	0	354	NA
-Non EDL fuel imports	274	239	-13%	571	820	594	485	330	-32%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	67	76	14%	319	254	173	117	144	23%
Exports	236	228	-3%	777	785	497	486	414	-15%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	34	42	27%	401	232	91	82	70	-15%
Trade Balance	-1,084	-1,149	6%	-3,476	-2,652	-3,108	-2,174	-2,458	13%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of kgs)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	February	February	Feb 16/15	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb 16/15
Imports	1,216	1,405	16%	3,435	2,514	2,807	2,335	2,887	24%
<i>of which mineral fuel & oil</i>	516	663	28%	2,166	1,125	1,162	932	1,400	50%
-EDL registered fuel imports	0	199	NA	1,505	232	499	0	492	NA
-Non EDL fuel imports	516	464	-10%	661	893	663	932	908	-3%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	78,947	71,312	-10%	142,061	137,204	181,692	156,382	149,661	-4%
Exports	147	123	-16%	314	479	276	325	228	-30%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	4,377	4,198	-4%	18,428	8,466	7,407	10,836	6,478	-40%
Trade Balance	-1,069	-1,282	20%	-3,122	-2,035	-2,530	-2,010	-2,659	32%

Source: Directorate General of Customs, Ministry of Finance

✚ The distribution of the top traded products is as follows:

Table 3: IMPORT Distribution by Product (in US\$ million)

Rank	Product	Jan-Feb 2015	% Share	Jan-Feb 2016	% Share	Value Change	% Change
1	Mineral fuels and oils	485	18%	684	24%	199	41%
2	Vehicles and accessories, cranes & lorries	196	7%	235	8%	40	20%
3	Pharmaceutical products	187	7%	173	6%	-14	-7%
4	Aircraft engines, Boilers, machinery and mechanical appliances	170	6%	154	5%	-17	-10%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	117	4%	144	5%	27	23%
6	Electrical machinery and equipment	109	4%	105	4%	-4	-4%
7	Iron and steel	109	4%	84	3%	-25	-23%
8	Plastics and articles thereof	83	3%	83	3%	0	0%
9	Articles of apparel and clothing	76	3%	82	3%	5	7%
10	Live animals.	54	2%	47	2%	-7	-13%
	Other	1,075	40%	1,082	38%	7	1%
	Total	2,661	100%	2,872	100%	211	8%

Source: MOF, DGC

Table 4: EXPORT Distribution by Product (in US\$ million)

Rank	Product	Jan-Feb 2015	% Share	Jan-Feb 2016	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	82	17%	70	17%	-12	-15%
2	Aircraft engines, Boilers, machinery and mechanical appliances	28	6%	33	8%	5	19%
3	Electrical machinery and equipment	32	7%	28	7%	-4	-12%
4	Preparations of vegetable	21	4%	21	5%	0	-2%
5	Essential oils and resino	22	4%	21	5%	-1	-4%
6	Plastics and articles	16	3%	19	5%	4	23%
7	Printed books, newspapers	12	2%	14	3%	2	15%
8	Edible fruit and nuts	12	2%	13	3%	1	5%
9	Furniture; bedding,	15	3%	12	3%	-3	-21%
10	Processed and Refined Copper	13	3%	11	3%	-2	-19%
	Other	233	48%	173	42%	-61	-26%
	Total	486	100%	414	100%	-72	-15%

Source: MOF, DGC



For further information please contact:
Ministry of Finance
 Macro fiscal Department – Budget Directorate
 Tel: 961 1 956000- ext: 1716
 Website: www.finance.gov.lb